# World Wheat, Rice Crops Imperilled; Government Inaction Is Famine Policy

by Marcia Merry Baker

Jan. 9—In late 2008, the International Grains Council forecast the possibility that world wheat production in 2009-10 will drop below that of 2008-09, which is already far below need. Given that the IGC, which originated in the 1940s, is made up of representatives of leading grain-producing and -importing nations, the Grains Council projection should have been a call to action for governments to collaborate on interventions to maintain and expand wheat and other grains output.

But so far, collective *inaction by governments* has been the policy response. Individually, certain nations are taking significant measures to increase domestic grains production for food security and potential export, including Russia, China, the Philippines, India, and others. However, the United States, and therefore many other nations, are refraining from taking either national or concerted international action. In a food-short world, not acting on advance knowledge of declining harvests is insane. Wheat is the staff of life for over a billion people. Other grains are similarly imperilled.

On Jan. 8, a grim warning was issued for rice "production uncertainty" in 2009, by the world's premier rice R&D center, the International Rice Research Institute (IRRI), located in the Philippines. Rice is the staple food for 3 billion people, including hundreds of millions of the world's poorest in Asia and Africa.

From Germany on Dec. 29, came a press release by the head of the German Farmers Union, Gerd Sonnleitner, warning of a shortage of grains and a "cost explosion" of grain prices in the new year.

The bad advance outlook for grains is carried even in the U.S. farm media. The Dec. 29 *Southeast Farm Press* in the state of Georgia, pointed out that, "On a global basis, grain production has been on a downward spiral in seven of the past nine years—2008 being one of the exceptions."

## Double Food Production!

What is necessary, is to work for a *doubling of world food production* at the earliest possible time, to adequately provide for all the world's 6.6+ billion people, for future population growth, and to lay up reserve stocks for natural disasters. In terms of tonnage of basic grains, this implies action to raise annual global production (of all kinds) from the 2 billion ton range to 4 billion tons.

In turn, this mission demands an emergency reorganization of the world's collapsed financial system, with a new credit and fixed currency system designed to help build up agro-industrial functioning of sovereign nations, after decades of destructive globalization. Lyndon LaRouche is working with co-thinkers in the United States and others of the critical Four Powers—India, China and Russia, to bring this about.

In 2008, his wife, Helga Zepp-LaRouche, founder of the Schiller Institute, led two mobilizations—first, focussed on the June UN Food and Agriculture Organization Summit in Rome, and then, on the September UN General Assembly session in New York, to force the issue of world financial reorganization to launch food production expansion and other vital tasks.

But these mobilizations were stymied by the entrenched figures and bureaucracies who have been serving the interests behind globalization—the agro-food cartels, and others of the neo-British Empire demanding so-called free trade. For example, such persons as Josette Sheeran, head of the World Food Program, and Sir John Holmes, head of the Ad Hoc Food Aid Task Force for UN Secetary General Ban Ki-Moon, call only for more food hand-outs, free trade, and more research and help for poor farmers, as long as it it doesn't impinge on Cargill/Monsanto/ADM and others of the agro-food control network. Even in its own terms, the food aid drive is a bust. Of over $12 billion in new relief promised for food-short nations at the Rome FAO con-

GFDL

*Rice farming in China. Price swings are forcing rice farmers worldwide to reduce their inputs for their 2009 crops.*

ference last June, only $1 billion had come through as of October.

## A Billion People Hungry

Worldwide wheat production in 2009-10 is mooted by the Grains Council to possibly drop to 648 million metric tons, a fall from 684 mmt in 2008-09. Therefore, total global grains production (of all kinds) in 2009-10—if humanity is "lucky"—would stay in the same range as the last crop year, only if rice, corn, barley, and other grains increase, which is a groundless hope.

Grain reserve stocks are at historic lows. But demand for scarce grain is intensifying, as millions more poor people fall back on rice, who were once eating more varied and more costly foods. Meantime, the non-food use of grains is continuing to take up critical volumes of wheat as well as massive amounts of corn for ethanol.

World per-capita grains production has been falling for years. The FAO estimates that nearly 1 billion people are malnourished today. Last October, a warning was given by Abdolreza Abbassian, Secretary of the FAO Intergovernmental Group on Grains, that "the net effect of the financial crisis may end up being lower planting, lower production, [and] more people going hungry."

This is the nub of the matter. The chaos of the collapsed financial system and highly cartelized agriculture/food control, is simply undermining the already inadequate farming and food supply lines of the world.

The destructive dynamic is simple and twofold: First, all the world's crop regions are being slammed by high input costs, plunging commodity prices, and collapse of credit for both farming and consumer purchases. Secondly, there is *uncertainty itself*. Traditionally, farmers hope and pray about what Mother Nature will or won't do this year. But now, everything is as unpredictable as the weather.

The FAO's *Food Outlook* periodical reported in November: "Under the gloomy prospects for agricultural prices, high input costs and more difficult access to credit, farmers may cut their plantings, which might again result in a tightening of world food supplies. . . . Riots and instability could again capture the headlines."

## Price Chaos, Credit Collapse

Grain prices to the farmer have fallen almost half in less than a year. In March 2008, wheat futures prices peaked on the Chicago Board of Trade (CBOT) at $10.50 a bushel due to uncontrolled speculation (up from $5.03 in June 2007). In November, wheat had fallen to $6.13 a bushel. Last Summer, corn hit a speculative $7.9925 a bushel on the CBOT futures exchange, and has now fallen to $4.16 and below. Last April, world rice prices spiked to $1,080 a ton (Thai Grade B), then fell to $575 six months later.

Many farmers are reducing the area sown to wheat in some of the leading grainbelts. Internationally, land sown to wheat could fall at least 1.6% in the coming crop seasons, according to the International Wheat Council.

Farmers cannot get credit for their production expenses—e.g., fertilizer and seeds—or are hit because the buyers of their grain and livestock can't get credit.

In the case of Brazil, the cartel giants Cargill and ADM are unilaterally denying credit to farmers (mostly those who produce corn and soybeans), going against their practice of recent years when they provided financing, taking a portion of the expected crop as collateral. The Brazilian Ministry of Agriculture projects that next year will be the first time in five years that the output of the world's No. 1 national producer of soybeans will see a reduced crop from one year to the next. This is directly attributable to uncertainty from the international crisis, and lack of credit.

Input costs remain high. German farm leader Sonnleitner singled out fertilizer expenses as a worldwide crisis for farmers. The IRRI's Jan. 8 warning noted that rice farmers, burned by price swings, "will likely play safe and reduce input for their 2009 crops."

Farmers in the U.S. Midwest (mostly corn farmers) are holding off as long as possible, to purchase nitrogen, phosphorous, and potassium fertilizers (known as NPK). The prices of these soared for the past six years, then, in the recent months of commodity deflation, wholesale fertilizer prices dropped, but the price to the farmer remains high. The wholesale price of anhydrous ammonia in the U.S. grainbelt fell from $1,000 a ton, down to $500 or less, but not the retail price to the end-user. Farmers are holding off lining up purchases for Spring fertilization.

Seed prices are likewise high. The University of Illinois estimates that the non-land, per-acre costs of producing a corn crop in the state on fertile ground, will be 43% higher this coming year than in 2008. This cost level will be double the annual average over the five-year period, 2003-07.

### Production Principles, Precedents

There are principles, and no lack of precedents for what governments ought to be doing to change this. In brief, these involve restoring fixed and fair exchange rates, ending "outsourcing" and cartelization of foods, fertilizers, and other necessities; outlawing commodity speculation; launching needed infrastructure programs of rail, water management, soil improvement; and busting up the seed and genetics cartels.

For farm support measures, look to the United States in the 1930s and '40s. The FDR Administration initiated such actions as setting floor prices for farm commodities—based on what was necessary for farmers to have an income on a par with others in the economy, so they could stay in farming, and provide national food security. This was called, a "parity pricing" policy. By the 1980s, it was phased out, when globalization was imposed.

The early years of the European Community's Common Agriculture Policy likewise provide precedents for dealing with today's emergency.

The most fundamental principle, is that nations have a sovereign right and responsibility to provide for domestic food security through building up productive capacity, and not be forced into dependence on globalization. Now that world markets—evil from the onset—are collapsing anyway, there is nothing except principle that should guide government intervention.

# 400 Million Indians Still Lack Electricity

by Ramtanu Maitra

India's major business magazine, *Business India*, reported on July 29, 2008 that over 78 million Indian households, or roughly 390 million people, lack access to electricity. On Aug. 13, the news daily *The Hindu* carried an article by S.K.N. Nair, a former member of the Central Electricity Authority and a former consultant to the National Council of Applied Economic Research (NCAER), New Delhi, pointing out that "power shortages are worsening, hardly an encouraging sign for a country aiming to take electricity within reach of over 80 million more households (40 per cent of total) within the next four years. The all-India energy and 'peak power' shortages increased by a percentage point each in April-May this year compared to the corresponding period in 2007."

For a while now, the Indian business community has been complaining of the decreased interest of foreign investors due to the lack of electricity, among other industrial infrastructure requirements. According to a study by an industry body, Assocham, the power available for industrial production in April-July 2008 was reduced by 25%, due to the extremely erratic supply in February and March 2008, while power stations on the premises of industrial companies were running at half-capacity because of the soaring cost of fuels such as diesel and gasoline.

"The industrial production suffered heavily in winter of 2007 as the power deficit had remained within the range of 18-20%. However, between the month of February and March 2008, the deficit went up to around 25%, causing industrial production to fall steeply," said Assocham President Venugopal N. Dhoot.

### A Solution or a 'Trophy'?

New Delhi is not wholly unaware of these facts. Prime Minister Manmohan Singh's "brain truster," Montek Singh Ahluwalia, deputy chairman of the Planning Commission, told *Business India* recently